

## § 32.2690

## 47 CFR Ch. I (10–1–04 Edition)

### § 32.2682 Leasehold improvements.

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(c) Amounts contained in this account shall be amortized over the term of the related lease. For Class A companies, except mid-sized incumbent local exchange carriers, the amortization associated with the costs recorded in the Leasehold improvement account will be credited directly to this asset account, leaving a balance representing the unamortized cost.

### § 32.2690 Intangibles.

(a) This account shall include the cost of organizing and incorporating the company, the original cost of government franchises, the original cost of patent rights, and other intangible property having a life of more than one year and used in connection with the company's telecommunications operations.

(b) Class A companies, except mid-sized incumbent local exchange carriers, shall maintain subsidiary records for general purpose computer software and for network software. Subsidiary records for this account shall also include a description of each class of all other tangible property.

(c) The cost of other intangible assets, not including software, having a life of one year or less shall be charged directly to Account 6560, Depreciation and Amortization Expense. Such intangibles acquired at small cost may also be charged to Account 6560, irrespective of their term of life. The cost of software having a life of one year or less shall be charged directly to the applicable expense account with which the software is associated.

(d) The amortization associated with the costs recorded in the Intangibles account will be credited directly to this asset account, leaving a balance representing the unamortized cost.

(e) This account shall not include any discounts on securities issued, nor shall it include costs incident to negotiating loans, selling bonds or other evidences of debt, or expenses in connection with the authorization, issuance, sale or resale of capital stock.

(f) When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included in this ac-

count on the books of the various companies concerned shall not be carried over.

(g) Franchise taxes payable annually or more frequently shall be charged to Account 7240, Operating other taxes.

(h) This account shall not include the cost of plant, material and supplies, or equipment furnished to municipalities or other governmental authorities when given other than as initial consideration for franchises or similar rights. (Note also Account 6720, General & administrative).

(i) This account shall not include the original cost of easements, rights of way, and similar rights in land having a term of more than one year. Such amounts shall be recorded in Account 2111, Land, or in the appropriate outside plant account (see Accounts 2411 through 2441), or in the appropriate central office account (see Accounts 2211 through 2232).

[67 FR 5687, Feb. 6, 2002]

EFFECTIVE DATE NOTE: At 69 FR 53649, Sept. 2, 2004, § 32.2690 was amended by revising paragraph (c), effective Mar. 2, 2005. For the convenience of the user, the revised text is set forth as follows:

### § 32.2690 Intangibles.

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(c) The cost of other intangible assets, not including software, having a life of one year or less shall be charged directly to Account 6564, Amortization expense—intangible. Such intangibles acquired at small cost may also be charged to Account 6564, irrespective of their term of life. The cost of software having a life of one year or less shall be charged directly to the applicable expense account with which the software is associated.

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### § 32.3000 Instructions for balance sheet accounts—Depreciation and amortization.

(a) Depreciation and Amortization Subsidiary Records:

(1) Subsidiary record categories shall be maintained for each class of depreciable telecommunications plant in Account 3100 for which there is a prescribed depreciation rate. (See also § 32.2000(g)(1)(iii) of this subpart.)

## Federal Communications Commission

## § 32.3100

(2) Subsidiary records shall be maintained for Accounts 2005, 2682, 2690, and 3410 in accordance with § 32.2000(h)(4).

(b) Depreciation and Amortization Accounts to be Maintained by Class A and Class B telephone companies, as indicated:

Account title	Class A account	Class B account
Depreciation and amortization:		
Accumulated depreciation .....	3100	3100
Accumulated depreciation—Held for future telecommunications use .....	3200	3200
Accumulated depreciation—Nonoperating .....	3300	3300
Accumulated amortization—Capitalized leases .....	3410	3410

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 46930, Sept. 13, 1994; 67 FR 5687, Feb. 6, 2002]

EFFECTIVE DATE NOTE: At 69 FR 53649, Sept. 2, 2004, § 32.3000 was amended by revising paragraph (b), effective Mar. 2, 2005. For the convenience of the user, the revised text is set forth as follows:

### § 32.3000 Instructions for balance sheet accounts—Depreciation and amortization.

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(b) Depreciation and Amortization Accounts to be Maintained by Class A and Class B telephone companies, as indicated.

Account title	Class A account	Class B account
Depreciation and amortization:		
Accumulated depreciation .....	3100	3100
Accumulated depreciation—Held for future telecommunications use .....	3200	3200
Accumulated depreciation—Nonoperating .....	3300	3300
Accumulated depreciation—Tangible .....		3400
Accumulated depreciation—Capitalized leases .....	3410	

### § 32.3100 Accumulated depreciation.

(a) This account shall include the accumulated depreciation associated with the investment contained in Account 2001, Telecommunications Plant in Service.

(b) This account shall be credited with depreciation amounts concurrently charged to Account 6560, Depreciation and amortization expenses. (Note also Account 3300, Accumulated Depreciation—Nonoperating.)

(c) At the time of retirement of depreciable operating telecommunications plant, this account shall be charged with the original cost of the property retired plus the cost of removal and credited with the salvage value and any insurance proceeds recovered.

(d) This account shall be credited with amounts charged to Account 1438, Deferred maintenance, retirements, and other deferred charges, as provided in § 32.2000(g)(4). This account shall be credited with amounts charged to Ac-

count 6560 with respect to other than relatively minor losses in service values suffered through terminations of service when charges for such terminations are made to recover the losses.

51 FR 43499, Dec. 2, 1986, as amended at 67 FR 5687, Feb. 6, 2002]

EFFECTIVE DATE NOTE: At 69 FR 53649, Sept. 2, 2004, § 32.3100 was amended by revising paragraphs (b) and (d), effective Mar. 2, 2005. For the convenience of the user, the revised text is set forth as follows:

### § 32.3100 Accumulated depreciation.

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(b) This account shall be credited with depreciation amounts concurrently charged to Account 6561, Depreciation expense—telecommunications plant in service. (Note also Account 3300, Accumulated depreciation—nonoperating.)

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(d) This account shall be credited with amounts charged to Account 1438, Deferred